
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

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Item 11 (b) of the provisional agenda

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS

UNITED NATIONS BODIES

Capacity-building support regarding the clean development mechanism

Note by the secretariat

Addendum

1. As foreseen in document FCCC/SBSTA/1999/INF.8, the secretariat and its partners in the development of a joint project on capacity-building for developing countries for the clean development mechanism have made available to Parties a revised draft project proposal. This proposal takes into account the views on capacity-building expressed by the Group of 77 and China (see FCCC/SB/1999/MISC.9) and by other Parties (see FCCC/SB/1999/MISC.11), as well as comments made in the revised plan for facilitating capacity-building related to the mechanisms (see FCCC/SB/1999/6).

2. The draft project proposal, which is annexed to this note, represents work in progress and is reproduced without formal editing by the Convention secretariat. Upon integration of comments received during the fifth session of the Conference of the Parties and the consequent finalization of the draft proposal, additional funding will be sought for the implementation of the project.

BNJ.99-095

Annex

Capacity building support regarding a Clean Development Mechanism

DRAFT Project Proposal

(For Consultation Purposes)

Revision 2-4

25 October 1999

Title of project	(Pilot Project) Capacity Building Support regarding a CDM (Clean Development Mechanism)
Starting date	First Quarter 2000
Duration	2 years (2000-2001)
Location	Global, regional, sub-regional, national
Requesting agency	Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC)
UN bodies involved	UNCTAD, UNDP, UNEP and UNIDO
National counterpart institutions	Relevant national authorities and other designated entities
Cooperation with associated bodies and agencies	GEF, World Bank, World Business Council for Sustainable Development (WBCSD), private sector, non-governmental organizations, local governments, regional development banks, international financial and development entities, and other relevant bodies
Total project funding	US\$ 4,930,000
Committed funding	US\$ 1,500,000 from UNF
Funding sought	US\$ 3,430,000

Brief Description/Summary

1. The purpose of the Clean Development Mechanism (CDM) is to assist developing countries achieve sustainable development, and to assist Annex I Parties (industrialized countries) achieve compliance with their emission targets under the Kyoto Protocol (KP) through the acquisition of certified emission reductions accruing from project activities. Such project activities are expected to mobilize financial and technological resources from the public and private sectors in Annex I Parties to promote sustainable development in developing countries, and contribute to the ultimate objective of the UNFCCC.
2. The modalities and procedures of the CDM still need to be decided by the COP. As set forth in the Buenos Aires Plan of Action, the COP is expected to make this decision at COP 6 in November 2000. In the meantime, the COP is expected to provide guidance on capacity building for the mechanisms and other aspects of implementing the Convention at COP 5, based on a range of inputs by Parties and the "Revised Capacity Building Plan" which the secretariat was requested to prepare at the tenth sessions of the subsidiary bodies. In this context, the secretariat has accepted a lead role in this pilot project to facilitate the coordinated input of other UN bodies and to ensure that this pilot project will respond to the decisions of the COP on capacity building that may be adopted at COP 5. The envisaged role of the secretariat is consistent with its mandate as provided for in Article 8.2 (e) of the Convention.
3. The CDM has the potential to become another important tool in promoting sustainable development. The pilot project is aimed at exploring and testing ways to

realize this potential while contributing to ongoing sustainable development efforts. In particular, the pilot project is aimed at contributing to this process of preparing for the possible implementation of the CDM in the following ways:

- 3.1. It will contribute to the assessment of the needs and priorities of developing countries and potential investors in the development of a capacity building plan for CDM, through initial pilot efforts at building capacity at the country level;
 - 3.2. It will contribute knowledge and lessons learned gained from the experience with pilot, prototype CDM projects, and initial efforts at developing CDM methodological and analytical tools;
 - 3.3. It will test out various modalities for the delivery of capacity building services, which respond to the guidance on capacity building that may be provided by the COP;
 - 3.4. It will establish a collaborative mechanism under the overall leadership of the secretariat to facilitate coordination of capacity building activities provided to Parties by the participating UN bodies in line with the decision/s on capacity building that may be adopted by the COP.
4. The pilot project involves four sub-projects each led by one of the participating UN bodies in cooperation with some or all of the other participating bodies. Each of the sub-projects is treated as a distinct activity cluster with its own immediate objectives, outputs and, funding and implementation arrangements. However, the overall pilot project provides for the necessary collaborative institutional arrangements and delivery mechanisms to pull these various efforts together to meet the objectives set forth above.
 5. The four sub-projects are linked and complementary to one another. Simple coordinating mechanisms will be put in place in the overall project and within each sub-project to ensure that the outputs of one sub-project can be deployed in other sub-projects and maximum impact is achieved.

Sub-project 1: Preparing for CDM: Awareness-raising, agenda setting, institution building and needs assessment in preparation for CDM (led by UNFCCC)

Sub-project 2: Developing CDM Tools: Development and testing of methodological and analytical tools likely to be used in CDM (led by UNEP)

Sub-project 3: Testing CDM Projects: Testing prototype CDM projects with private sector investors (led by UNDP)

Sub-project 4: Information Exchange, Communications and Lessons Learned: Information exchange, communication of lessons learned to enhance the UNFCCC process, and project coordination (led by UNFCCC)

6. The pilot project will be directed by a steering group comprised of representatives of the participating UN bodies and representatives from civil society, under the overall leadership of the UNFCCC secretariat. Each of the sub-projects will have its own sub-project management team, which will receive guidance from the project steering group. The project manager of the overall pilot project will be an ex-officio member of each of the sub-project management teams.

7. The pilot project is expected to have a positive environmental impact, model the Revised Capacity Building Plan to be presented to COP5, and remain flexible to respond effectively to the modalities and procedures which the COP may decide upon to implement CDM. In addition, the pilot project will be guided by the following operational principles:
 - 7.1. Put priority on national implementation by national institutions and strengthen national and regional institutional arrangements conducive to the implementation of the UNFCCC, and eventually the CDM;
 - 7.2. Facilitate the participation of public and private sector entities;
 - 7.3. Enable capacity building support services to be provided by developing country-based expert institutions at sub-regional and regional levels;
 - 7.4. Mobilize national stakeholders to the opportunities and challenges presented by CDM, including options for its future development, and encourage the emergence and strengthening of appropriate national agendas and institutional arrangements;
 - 7.5. Enhance the participation of developing countries in the UNFCCC negotiations;
 - 7.6. Focus on preparing Parties to operationalize all of the basic elements of CDM.
8. The proposed pilot project is innovative in several ways. First, it deals with a new, untested international mechanism that is still under development. Second, it promotes partnerships between the public and private sectors and between the private sectors in Annex I and in non-Annex I countries. Finally, it seeks to establish a collaborative approach among UN bodies to facilitate a coordinated response to the decisions and guidance of the COP.

Background

1. The purpose of the Clean Development Mechanism (CDM) is to assist developing countries achieve sustainable development, and to assist Annex I Parties (industrialized countries) achieve compliance with their emission targets under the Kyoto Protocol (KP) through the acquisition of certified emission reductions accruing from project activities. Such project activities are expected to mobilize financial and technological resources from the public and private sectors in Annex I Parties to promote sustainable development in developing countries, and contribute to the ultimate objective of the UNFCCC.
2. The modalities and procedures of the CDM still need to be decided by the COP. As set forth in the Buenos Aires Plan of Action, the COP is expected to make this decision at COP 6 in November 2000. In the meantime, the COP is expected to provide guidance on capacity building for the mechanisms and other aspects of implementing the Convention at COP 5, based on a range of inputs by Parties and the "Revised Capacity Building Plan" which the secretariat was requested to prepare at the tenth sessions of the subsidiary bodies. In this context, the secretariat has accepted a lead role in this pilot project to facilitate the coordinated input of other UN bodies and to ensure that this pilot project will respond to the decisions of the COP on capacity building that may be adopted at COP 5. The envisaged role of the secretariat is consistent with its mandate as provided for in Article 8.2 (e) of the Convention.
3. An earlier version of this project proposal was submitted for funding to the United Nations Fund (UNF) through the United Nations Foundation for International Partnerships (UNFIP) on 15 April 1999. The UNF agreed to fund one component of the project proposal at 1.5 million US dollars. This component is the UNDP-led sub-project 3: *Testing CDM Projects* now mentioned in this pilot project proposal.
4. The original proposal was revised to be more responsive to the views of Parties expressed at the tenth session of the subsidiary bodies. Nonetheless, the present proposal is expected to be revised further to respond to the decisions on capacity building that the Parties may adopt at COP 5 prior to its submission to other donors.

Project objectives

5. The pilot project proposal is aimed at contributing to the process of preparing for the possible implementation of the CDM by focusing on the capacity needed by developing countries to participate effectively in the CDM. In addition to responding to the decisions on capacity building that the Parties may adopt at COP 5, the project, through pilot test CDM projects and nationally implemented activities, will contribute in the following ways:
 - 5.1. It will contribute to the assessment of the needs and priorities of developing countries and potential investors in the development of a capacity building plan for the KP mechanisms, in particular for CDM, through initial pilot efforts at building capacity at the national level;
 - 5.2. It will contribute knowledge and lessons learned gained from the experience with pilot, prototype CDM projects, and initial efforts at developing CDM methodological and analytical tools;

- 5.3. It will test out various modalities for the delivery of capacity building services, which respond to the guidance on capacity building to be provided by the COP;
- 5.4. It will establish a collaborative approach under the leadership of the secretariat to facilitate coordination of capacity building activities provided to Parties by the participating UN bodies in line with the Revised Capacity Building Plan to be adopted at COP 5.

Project portfolio

6. The pilot project involves four sub-projects each led by one of the participating UN bodies in cooperation with some or all of the other participating bodies. Each of the sub-projects is treated as a distinct activity cluster with its own immediate objectives, activities and outputs, budget, and implementation arrangements.
7. Sub-project 4, in particular, is designed to provide some of the collaborative approaches that will ensure coordination and cost-effectiveness among the sub-projects. Because the projects are linked and coordinated, they are presented as a portfolio of sub-projects.
8. The four sub-projects are linked and complementary to one another. They are designed to be modular and flexible enough to accommodate a staggered start-up and add-ons (addition of participants, activities) as resources become available.

Sub-project 1: Preparing for CDM: Awareness-raising, agenda setting, strategy development, institution building and needs assessment in preparation for CDM (led by UNFCCC)

Sub-project 2: Developing CDM Tools: Development and testing of methodological and analytical tools likely to be used in CDM (led by UNEP)

Sub-project 3: Testing CDM Projects: Testing prototype CDM projects with private sector investors (led by UNDP)

Sub-project 4: Information Exchange, Communications and Lessons Learned: Information exchange, communication of lessons learned to enhance the UNFCCC process, and project coordination (led by UNFCCC)

9. Each of the sub-projects will be treated below and described briefly in terms of their immediate objectives, activities and outputs, budget, and implementation arrangements.

Sub-project 1: Preparing for CDM: Awareness-raising, agenda setting, needs assessment and institution building in preparation for CDM (led by UNFCCC)

10. The sub-project is a pilot activity aimed at developing replicable activities and processes for awareness-raising, agenda setting, needs assessment and institution building in preparation for CDM. Initially, it will test innovative ways of enabling developing countries to prepare the groundwork for the possible implementation of CDM by: (a) facilitating dialogue on CDM from a developing country point of view both nationally and regionally, (b) undertaking preliminary national studies on CDM as a mechanism for promoting sustainable development, and (c) assessing the capacity building needs through a clearer understanding of what capacities may be needed to implement CDM projects vis-à-vis existing capacities.
11. As part of its output, the sub-project will consciously explore activities, materials, processes and resources which can be replicated in the future for wider application. It will also focus on contributing to the development of a strategic response to capacity building based on experiences from the other sub-projects, by feeding its outputs into the COP and CDI processes, and the other sub-projects.

12. Immediate objectives

- 12.1. To raise the awareness of policy and decision makers on the possible challenges and opportunities presented by CDM and to foster continued dialogue at all levels.
- 12.2. To facilitate the development of national and regional agendas on CDM.
- 12.3. To encourage governments to consider national institutional arrangements such as national CDM teams, which can lead the identification, development and implementation of CDM projects as well as assess the national capacities required to successfully participate in the CDM.
- 12.4. To develop and test replicable regional delivery mechanisms for capacity building support services.
- 12.5. To contribute to the CDI assessment, strategy and action plan development particularly on the capacity building required for CDM.

13. Activities and outputs

Activities and costs	Outputs
Regional awareness-raising and agenda-setting workshops (US\$ 50,000 per workshop)	<ul style="list-style-type: none"> • Regional exchange of views on challenges and opportunities for CDM • Initial case studies on challenges and opportunities for CDM conducted by expert institutions in developing countries • Regional agendas for promoting, developing and implementing CDM projects • Identification of project examples for use in analysis and needs identification • Identification and networking of regional experts and expert institutions • Survey of existing regional and national studies on CDM • Information and workshop materials, including materials on

	the CDM adaptation components, transfer of technology, economic and investment measures, and the financial aspects of CDM (building on UNIDO, UNCTAD and UNEP work)
National awareness-raising and agenda-setting workshops (organized by national teams) (US\$ 15,000 per workshop)	<ul style="list-style-type: none"> • Start-up workshop for preparation of national studies on CDM implementation • National exchange of views on challenges and opportunities for CDM • Development of national agendas for promoting, developing and implementing CDM projects • Identification of possible CDM capacities required in developing countries • Information and workshop materials
National studies on CDM implementation (conducted by national teams) (US\$ 50,000 per study)	<ul style="list-style-type: none"> • Establishment of ad hoc national CDM teams • National studies on challenges and opportunities for CDM and development of national strategy on CDM • Identification of legal, managerial, financial and institutional environment conducive to CDM and the corresponding capacities required as well as capacity building needs • Analysis of project examples
Follow-up national consultations to present outputs of previous activities (US\$ 20,000 for 2 national consultations)	<ul style="list-style-type: none"> • Consultations on national studies, national CDM strategy and plan of action with policy and decision makers by national teams • Assessment of capacity building needs for CDM and proposal of specific capacity building strategy and projects • Consultations with sectoral groups like business and industry
Follow-up regional workshops (US\$ 50,000 per workshop)	<ul style="list-style-type: none"> • Networking of national CDM teams • Exchange of national studies on CDM • Refinement of regional agendas and possible development of regional strategy on CDM • Development of regional capacity building mechanisms (arrangements for support to national CDM teams by regional expert institutions)
CDI Steering Committee Meetings (US\$ 10,000)	<ul style="list-style-type: none"> • Contribute developing country experience to the formulation of a conceptual framework of capacity building • Contribute to assessment of capacity building needs
CDI Regional Meetings (US\$ 10,000)	<ul style="list-style-type: none"> • Contribute specific experience to CDI assessment, particularly on CDM • Contribute national studies on CDM to CDI meeting

14. Implementation arrangements

15. The sub-project will be led by the UNFCCC secretariat and implemented in cooperation with UNEP, UNDP, UNIDO, UNCTAD and the GEF. A Project Management Team involving the cooperating bodies will be established where the secretariat will play a facilitating and coordinating role.
16. The activities of the sub-project particularly at the national level will be implemented and directed by developing country experts and institutions at the national and regional levels. Priority will be placed on identifying implementation arrangements,

which will allow for country-level support services to be provided by experts and expert institutions in developing countries at a sub-regional or regional basis.

17. The sub-project will be conducted in conjunction with sub-projects 2 and 3. It will be implemented in the same 9 countries (in 3 regions)¹ where the sub-projects 2 and 3 will be deployed. The regional workshops and national studies envisaged in the sub-project will be the same activities used in sub-project 2². In all cases, the activities involved in this pilot will dovetail with the planned activities of Enabling Activities implemented by UNDP and UNEP, the GEF Country Dialogue Workshops (C³, and the Capacity Development Initiative (CDI)⁴ of the GEF and UNDP, and other related activities. Where possible, the workshops and activities involved will be implemented using the same resources or organized back-to-back to complement existing activities outside of this project, e.g. CDW, CDI.
18. The sub-project will be also linked closely to the CDI in the assessment of capacity building needs and the development of a capacity building strategy and action plan. Relevant outputs will be fed into the CDI and COP processes as needed.
19. Budget
20. The indicative budget below is calculated for 3 countries in 3 regions (Africa, Latin America and Asia).

Activity	Costs (US\$)
Regional workshops (3 regions x \$50,000)	150,000
National workshops (9 countries x \$15,000)	135,000
National CDM studies (9 countries x \$50,000)	450,000
National consultations (9 countries x \$20,000)	180,000
Follow-up regional workshop (3 x \$50,000)	150,000
Participation in the CDI Steering Committee	10,000
Participation in CDI Regional Meetings	10,000
Total	1,085,000

¹ See section on *Overall implementation strategy* for criteria on country selection, which will be developed by the Project Steering Group.

² See section on *Relationships between workshops and activities* on page 18.

³ The GEF Country Dialogues Workshop is a US\$3.5 million project of the GEF and its Implementing Agencies which will deliver about 50 national workshops “to build country coordination and capacity and promote country ownership and awareness-building by means of country level dialogue organized through targeted, participatory workshops”.

⁴ The Capacity Development Initiative is part of the Strategic Partnership between GEF and UNDP, which will launch “a consultative process for developing the initiative through extensive outreach and dialogue with countries and stakeholder institutions to identify countries’ needs, lessons learned, and a strategy and action plan for the future”. Initial funding for the CDI is proposed at US\$1.5 million.

Sub-project 2: Developing CDM Tools: Development and testing of methodological and analytical tools likely to be used in CDM (led by UNEP)

21. The sub-project will focus on developing and testing methodologies and analytical tools likely to be used in CDM based on the initial experiences of developing countries (e.g. sector-related, economic and financial, technology transfer, certification, verification and monitoring, environmental and sustainability indicators, baseline approaches, project selection and screening, etc.). The sub-project will be implemented in the same 9 developing countries (in 3 regions) where sub-projects 1 and 3 will be deployed.
22. The activities of the sub-project will be implemented with the active participation of developing country experts to ensure that the tools developed are appropriate for application in developing countries and are responsive to developing country needs and priorities. The testing of the CDM methodologies and analytical tools will be conducted at the national level to capture differences in requirements and capacities in developing countries.
23. The sub-project will build on the ongoing, pilot work of UNEP and UNIDO in developing CDM methodologies and analytical tools for developing countries. The sub-project will closely follow the negotiations on the CDM modalities, and the lessons learned from the IPCC experience in developing and deploying technical guidelines for climate change studies.
24. Immediate objectives
- 24.1. To identify, develop and test methodologies and analytical tools which are relevant for the implementation of projects and adaptation activities under CDM at the national level.
- 24.2. To design these CDM methodologies and analytical tools in ways appropriate for the use and application of developing countries.
- 24.3. To disseminate these tools and develop a strategic plan for its continued development by and application in developing countries.

25. Activities and outputs

Activities and costs	Outputs
Expert meetings (with experts from developing countries) (US\$ 75,000 per meeting)	<ul style="list-style-type: none"> • Identification of methodologies and analytical tools which are relevant for the implementation of CDM at the national level (e.g. sector-related, economic and financial, technology transfer, certification, verification and monitoring, environmental and sustainability indicators, baseline approaches, project selection and screening, etc.) • Survey and assessment of existing methodologies and analytical tools • Elaboration of relevant methodologies and tools • Initial guidelines on how to develop and disseminate tools in appropriate ways in developing countries
Regional consultative workshops	<ul style="list-style-type: none"> • Start-up workshop to define work plan for development of tools • Initial assessment and selection of tools to be developed

(US\$ 50,000 per workshop)	<ul style="list-style-type: none"> Initial guidelines on appropriate form and design of tools for use in developing countries
Regional collaboration in development of tools, including training and technical support (US\$ 300,000)	<ul style="list-style-type: none"> Regionally-specific methodologies and analytical tools developed with the active participation and input of developing country experts Regionally adapted methodologies and analytical tools Regional testing of tools in selected countries Regional training of experts and expert institutions
Development of methodologies and tools for baselines and additionality quantification for CDM projects in industry (US\$ 200,000)	<ul style="list-style-type: none"> Industry-specific methodologies and analytical tools (including software) for baseline assessment in energy efficiency projects Regional case studies assessing highly replicable mitigation options in energy-intensive sub-sectors
National testing of methodologies and tools, including training and technical support (US\$ 50,000 per country)	<ul style="list-style-type: none"> National application of CDM methodologies and analytical tools National training of experts and expert institutions by regional experts and expert institutions (Note: National testing of tools will involve the application of the tools in the preparation of national studies under sub-project 1)
Evaluation and further development, including re-training and further technical support (US\$ 100,000)	<ul style="list-style-type: none"> Assessment of tools based on national testing Regional evaluation of tools Improved CDM methodologies and analytical tools Regional re-training of experts and expert institutions
Deployment of CDM methodologies and analytical tools (US\$ 100,000)	<ul style="list-style-type: none"> Development of plan for the continued development of methodologies and tools and, deployment and application in developing countries Publication and deployment of methodologies and tools through various media (e.g. Internet, CD-ROMs, transfer to national and regional centers of excellence, etc.)

26. Implementation arrangements

27. The sub-project will be led by UNEP and implemented in cooperation with UNIDO and UNCTAD. Specific tasks will be sub-contracted to UNIDO and UNCTAD. The sub-project will be linked closely to the other sub-projects (particularly sub-projects 1 and 3: *Preparing for CDM and Testing CDM Projects*).
28. The sub-project will be implemented in the same countries where sub-projects 1 and 3 will be deployed. Outputs developed will be shared and used in the other sub-projects and communicated to the UNFCCC process. In so far as capacity building needs are identified, these will also be channeled to the other sub-projects, the UNFCCC process, and the GEF Capacity Development Initiative.

29. Budget

Activity	Costs (US\$)
Expert meeting (2 meetings x \$75,000)	150,000
Regional consultative workshops (3 regions x \$50,000)	150,000
Regional development of CDM tools	300,000
Baseline and Additionality Quantification Tools for Industry	200,000
National testing (9 countries x \$50,000)	450,000
Regional evaluation of CDM tools	100,000
Deployment of CDM tools and linkage with UNIDO-led component	100,000
Total	1,450,000

Sub-project 3: Testing CDM Projects: Testing prototype CDM projects with private sector investors (led by UNDP, funded by UNF)

30. The sub-project will be led by UNDP in partnership with the World Business Council for Sustainable Development (WBCSD). It will focus largely on encouraging potential private sector investors to invest in prototype CDM projects as a “practical CDM laboratory” which can generate lessons for the possible implementation of CDM. The sub-project will work with a limited number of host countries and engage potential investors in jointly identifying, designing and configuring prototype CDM projects through a “Project Development Forum”. As potential prototype CDM projects are identified, they will be subjected to investment grade feasibility studies and promoted for investment through pilot CDM investment promotion mechanisms. As prototype, “bankable” projects are taken up by investors, the sub-project will cover the “GHG transaction costs” such as verification, certification and monitoring to offset this important investment barrier.

31. Immediate objectives

- 31.1. To develop and organize a Project Development Forum in participating countries that can facilitate the identification and delivery of real “learning by doing” commercial projects by the private sector, serving as a practical laboratory for research and learning about the issues related to a viable CDM.
- 31.2. To request for project proposals from countries, which can form a portfolio/pipeline of CDM pilot projects in accordance with the process and methodologies developed through the Project Development Forum.
- 31.3. To facilitate monitoring, verification, and certification processes which are cost effective and efficient and contribute to the approval of projects in line with national development priorities.

32. Activities and outputs

Activities	Outputs
Project Development Forum	<ul style="list-style-type: none"> • Learning materials and methodologies • Promote business-to-business & public-private partnerships and relationships in the context of CDM collaboration • Process and analytical tools agreed upon with investor and host participation
Request for pilot CDM proposals	<ul style="list-style-type: none"> • Establishment of project portfolio and selection of one-two “learning by doing” CDM projects for feasibility studies • Funding coverage for transaction costs related to GHG monitoring, certification and verification
Project feasibility studies	<ul style="list-style-type: none"> • Investor-ready, investment-grade project portfolio
CDM Investment Workshop	<ul style="list-style-type: none"> • Develop investment promotion mechanisms and promotion strategy • Promotion of project portfolio for investment
CDM Capacity Building Workshops	<ul style="list-style-type: none"> • Training of national experts • Strengthening of institutional and technical capabilities
Project take-up and execution	<ul style="list-style-type: none"> • Investment in selected projects by private sector • Verification, monitoring, certification of projects

Reporting	<ul style="list-style-type: none"> • Lessons learned • Public dissemination
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33. Implementation arrangements

34. The sub-project will be implemented through a strategic partnership between UNDP and the WBCSD in cooperation with UNCTAD and UNIDO. Specific tasks to be implemented by UNCTAD and UNIDO on a sub-contract basis. Outputs from sub-projects 1 and 2 will be deployed as needed in the sub-project. Activities under this project will be coordinated with other relevant projects such as the National AIJ/JI/CDM Strategy Studies Program implemented by the World Bank.
35. Lessons learned in the course of the project will be captured through *sub-project 4: Information Exchange, Communications and Lessons Learned* and communicated to the UNFCCC process and the public at large. Outputs of the sub-project will be shared and disseminated to the other sub-projects.

36. Budget

37. The budget for this project is US\$ 1.5 million and has been funded by UNF.

Activity	Costs (US\$)
Project Development Forum	200,000
Request for pilot CDM proposals	200,000
Project feasibility studies	350,000
CDM Investment Workshop	200,000
CDM Capacity Building Workshops	200,000
Project take-up and execution	300,000
Reporting	50,000
Total	1,500,000

Sub-project 4: Information Exchange, Communications and Lessons Learned

Information exchange and communication of lessons learned to enhance the UNFCCC process and project coordination (led by UNFCCC)

38. The sub-project has three functions. First, it will capture the lessons learned and the strategies developed through a quality assurance process, and ensure that these are fed into the UNFCCC processes and relevant activities such as the CDI, and made readily available for use in future activities. In this sense, the sub-project will protect the initial investment in the pilot project and ensure that future activities on a wider scale can take advantage of the progress that will be achieved.
39. Second, the sub-project will place priority on identifying, creating and maintaining a network of CDM stakeholders (regional experts, expert institutions, potential hosts, donors, and investors, etc.) and developing a communications and outreach strategy, which can facilitate their own preparations for the possible implementation of CDM. The network is meant to reach beyond the immediate project stakeholders and enable interested Parties to follow and be kept informed of the project's activities.
40. Third, the sub-project will contribute to the coordination of the various sub-projects by ensuring the free exchange of information among the sub-projects and by providing integrated information and communication services to the sub-projects and cooperating bodies. In part, the sub-project will alleviate the demands of information and communication within the other sub-projects by providing these services in an integrated manner.
41. The sub-project will use, among others, Internet tools such as "Extranets" and collaborative software to create a one-stop "information house" on CDM and CDM capacity building activities. In order to be more cost-effective, the sub-project will build on the activities and infrastructure of the broader Information and Outreach Programme of the secretariat.
42. Immediate objectives
 - 42.1. To capture the lessons learned and outputs through quality assurance from the project experience and protect the initial investment in the overall project for future use in other activities.
 - 42.2. To feedback and disseminate the lessons learned to the relevant UNFCCC processes and relevant activities such as the CDI and establish a regular system for systematic and coordinated learning and information exchange relative to the future evolution of the CDM.
 - 42.3. To facilitate the coordination of the other sub-projects and other activities through the exchange of information and the provision of integrated information and communication services to the sub-projects.
 - 42.4. To develop a one-stop "information house" for CDM information and outputs.
 - 42.5. To develop a communications strategy with CDM stakeholders with emphasis on developing specific communication packages for distinct CDM stakeholder groups (e.g. business, public sector, business and development NGOs, etc.), in view of enhancing partnerships.

- 42.6. To network CDM stakeholders (national and international project coordinators, regional experts, expert institutions, potential donors, potential investors and hosts, etc.) and facilitate information flow to and participation in the CDM-related UNFCCC processes.

43. Activities and outputs

Activities and costs	Outputs
Information exchange and project coordination (US\$ 100,000)	<ul style="list-style-type: none"> • “Project Extranet” (Internet-based) with collaborative facilities for the sharing of information, outputs, documents, schedules, activities, news, contacts database, etc. accessible to all project participants • Mechanisms for regular information exchange and coordination
Capturing Lessons Learned through Quality Assurance (US\$ 200,000)	<ul style="list-style-type: none"> • Quality assurance mechanisms for capturing lessons learned (including evaluations, peer review, stakeholder dialogue, etc.) • Project Steering Group meetings through telephone and videoconferences • Strategic participation in CDI activities
Networking of CDM stakeholders (US\$ 100,000)	<ul style="list-style-type: none"> • Network of CDM stakeholders • Internet-based, interactive contacts and information database • Facilitating networking at country level
One-stop Information House (US\$ 100,000)	<ul style="list-style-type: none"> • Collaboratively designed and developed web site on CDM featuring compilation of information related to CDM including outputs from projects • Publication of CD-ROMs Publication of outputs and lessons learned including video broadcasts • Information on project activities to interested countries
Development of communications strategy on CDM (US\$ 100,000)	<ul style="list-style-type: none"> • Prototype communications strategy on CDM for global and regional deployment • Communication tools on CDM • Information and workshop packages on CDM for use at national and regional levels
CDI Global Conference (US\$ 10,000)	<ul style="list-style-type: none"> • Presentation of lessons learned as input to the CDI strategy and plan of action • Consultations with countries
Special events at subsidiary body COP meetings (US\$ 10,000 x 3 meetings)	<ul style="list-style-type: none"> • Presentation of lessons learned • Consultations with countries • Exchange of information
CC:Forum meetings on CDM (US\$ 10,000 x 3 meetings)	<ul style="list-style-type: none"> • Consultations with capacity building service providers • Exchange of information

44. Implementation arrangements

45. The sub-project will act as the secretariat to the pilot project's Project Steering Group (PSG) and will provide information and communication services to the various sub-projects through its communication and outreach activities. The secretariat will link the sub-project activities closely to its own ongoing communications and outreach work to reduce infrastructure and maintenance costs
46. Various communication media will be used in the implementation of this sub-project, with emphasis on cost-effective, broadly accessible communication tools such as the Extranets, web sites, CD-ROMs, and specific stakeholder channels (information services of various sector groups, existing NGO publications, etc.). Shared, collaborative databases and document management systems will be used to promote information exchange among the sub-projects and other relevant activities.

47. Budget

Activity	Costs (US\$)
Information exchange and project coordination	100,000
Capturing lessons learned through quality assurance	200,000
Networking of CDM stakeholders	100,000
One-stop Information House	100,000
Development of communications strategy for CDM	100,000
GEF CDI Global Conference	10,000
Special events at subsidiary body and COP meetings (3 meetings x \$10,000)	30,000
CC:Forum meetings on CDM (3 meetings x \$10,000)	30,000
Total	670,000

Overall implementation strategy

48. Institutional and oversight arrangements

49. The pilot project will be directed by a Project Steering Group (PSG) composed of senior operational representatives from the participating UN bodies, cooperating international agencies, and sector representatives as shown below:
 - 49.1. UNFCCC secretariat (Chair)
 - 49.2. UNCTAD
 - 49.3. UNDP
 - 49.4. UNEP
 - 49.5. UNIDO
 - 49.6. GEF
 - 49.7. World Bank
 - 49.8. Business Sector: WBCSD
 - 49.9. Environment-Development Sector:
50. The PSG will serve for the duration of the project. The PSG will be comprised of one representative from each of the participating UN bodies. The PSG will meet four times during the life of the project (twice a year for 2 years) and at such other times as necessary. Maximum use will be made of telephone and video conferencing, as well as other Internet-based communications.
51. The project intranet developed in sub-project 4 will be used to keep the PSG informed of the activities, issues, progress and developments of the project.
52. Because of the special coordination between the pilot project and the CDI, the CDI Manager will be invited to attend the PSG, as needed.
53. The PSG will have the following roles and tasks:
 - 53.1. Development of country selection criteria
 - 53.2. Overall project management, coordination and monitoring
 - 53.3. Oversight of preparation and peer review of project outputs and other publications
 - 53.4. Coordination on selection of activity venues
 - 53.5. Coordination of project activities to maximize impact (particularly in terms of date and place, agenda, participation)
 - 53.6. Review of project implementation reports by each agency
 - 53.7. Communication of reports to intergovernmental bodies, donors and other stakeholders
54. The UNFCCC secretariat will appoint a Project Manager to manage the day-to-day operation of the secretariat-led sub-projects and to manage the coordination of the overall pilot project. The Project Manager will be an ex-officio member of the various project management teams that each of the sub-projects might establish. In addition, he/she will have the following tasks:
 - 54.1. Act as secretary of the Steering Committee
 - 54.2. Ensure that sub-project 4 provides adequate conferencing, information and communication services to the Project Steering Group
 - 54.3. Coordinate and work with the respective sub-project managers from the participating agencies to achieve the overall objectives of the project
 - 54.4. Undertake additional fund-raising, as needed

- 54.5. Draft the overall pilot project reports for Parties
- 54.6. Ensure that the project complies and responds to relevant COP decisions and guidance, including suggesting revisions on the overall direction of the project to the PSG
- 54.7. Monitor performance of the project and report (twice a year) to the PSG
- 54.8. Draft final reports to the donors upon termination of the project, based on inputs received from Steering Committee members
- 54.9. Develop further joint projects in cooperation with the relevant agencies

55. Operational arrangements

- 56. In order to ensure that the project will model the decisions that the COP might take on CDM and capacity building, the project will be guided by the following operational principles:
 - 56.1. Put priority on national implementation by national institutions and strengthen national and regional institutional arrangements conducive to the implementation of the UNFCCC, and eventually the CDM
 - 56.2. Activities implemented at the country level will make full use of UNDP Country Offices
 - 56.3. Build an iterative and learning process for the assessment of needs and the delivery of capacity building services
 - 56.4. Facilitate the participation of public and private sector entities
 - 56.5. Encourage and enable capacity building support services to be provided by developing country-based expert institutions at sub-regional and regional levels
 - 56.6. Mobilize national stakeholders to the opportunities and challenges presented by CDM, including options for its future development, and encourage the emergence and strengthening of appropriate national agendas and institutional arrangements
 - 56.7. Enhance the participation of developing countries in the UNFCCC negotiations
 - 56.8. Focus on preparing Parties to operationalize all of the basic elements of CDM
- 57. In order to ensure that the project will be coordinated and achieve its overall objectives, certain information on operational details will be shared between the sub-projects. The following information will be considered –
 - 57.1. National focal points and national contacts
 - 57.2. Activity schedules
 - 57.3. Project terms of reference and agreements between projects and national focal points
 - 57.4. Regional experts and expert institutions
 - 57.5. Project outputs
 - 57.6. Problems and obstacles encountered
- 58. The information above will be shared among the sub-projects on a secured basis through the Project Intranet. Issues flowing from this information can then be subject to discussion and resolution among the sub-project managers and sub-project management teams.
- 59. In addition, the sub-projects will consider coordinating other project components such as the use of a common training methodology and approach, joint publications, etc.

60. The items for coordination will be kept to a minimum to ensure that the sub-projects are led and implemented as independently as possible. Reporting requirements will also be kept to the absolute minimum in order to free resources to achieve maximum impact.

Relationship between workshops and activities

No.	Workshops and activities	Linkages with sub-projects				Comments
		1	2	3	4	
Sub-project 1: Preparing for CDM						
1.a	3 Regional awareness-raising, agenda setting workshops		X	O		Integrated with 2.b, and coordinated with 3.a
1.b	9 National awareness-raising, agenda setting workshops		O			Coordinated with 2.c
1.c	9 National studies on CDM		X			Integrated with 2.c
1.d	3 Regional follow-up workshops		X		O	Integrated with 2.d and coordinated with 4.f
1.e	18 National consultative meetings		O			Coordinated with 2.e
Sub-project 2: Developing CDM Tools						
2.a	2 Expert meetings	O				Coordinated (back-to-back) with 1.a
2.b	3 Regional consultative meetings	X				Integrated with 1.a
2.c	9 National testing of tools	X				Integrated with 1.c
2.d	Training of practitioners	X				Integrated with 1.c and 1.d
2.e	Deployment of CDM tools	O				Coordinated with 1.e
Sub-project 3: Testing CDM Projects						
3.a	Project Development Forum	O	O			Coordinated with 1.a and 2.a
3.b	CDM Investment Promotion workshop					
3.c	CDM Capacity Building workshops		X			Integrated with 2.b and 2.d
Sub-project 4: Information exchange, Communications and Lessons Learned						
4.a	Information exchange					
4.b	Capturing lessons learned	X				Integrated with 1.d
4.c	Networking of CDM stakeholders	O	O	O		Coordinated with all sub-projects
4.d	Information House	O	O	O		Coordinated with all sub-projects
4.e	CDM Communications Strategy	O	O	O		Coordinated with all sub-projects
4.f	CDI Regional Consultations and Global Conference	O				Coordinated with 1.d
4.g	Special events at COP	O	O	O		Coordinated with all sub-projects

61. Note:

- *Integrated* activities/events (marked with X) implies that the activities are the same but integrating various objectives
- *Coordinated* activities/events (marked with O) implies that the activities are held back-to-back or closely related with outputs shared between the sub-projects

62. In total, there will be a maximum of 4-5 regional events excluding planned activities of the CDI, and 9 national events with significant international participation.

Time table

63. To be completed after consultation and final revision of project proposal.

Global Indicative Budget

Sub-projects	Costs (US\$)
Sub-project 1: Preparing for CDM: Awareness-raising, agenda-setting, institution-building (to be determined)	1,085,000
Sub-project 2: Developing CDM Tools	1,450,000
Sub-project 3: Prototype CDM projects (UNDP)	1,500,000
Sub-project 4: Information Exchange, Communications and Lessons Learned (UNFCCC)	670,000
Sub-total	4,705,000
Project support costs (5%)	235,000
Total Project Budget	4,930,000
Funded sub-projects	1,500,000
Total funding requirements	3,430,000